

ORDER

2700.36

Third Party Draft Manual



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**U.S. DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION**

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FOREWORD

This order prescribes the responsibilities, procedures, and operational guidance to issue, control, and maintain third party drafts (TPD) under a third party payment system (TPPS) by FAA's third party draft officials (TPDO). The Department of Transportation's (DOT) third party draft program (TPDP), administered by the Federal Aviation Administration (FAA), uses the services of a TPD contractor to provide the third party payment instruments (drafts) to DOT modal administrations. Third party draft issuance is a disbursement mechanism instead of cash disbursement for authorized transactions.

This order also covers procedures for Emergency Salary Payments (ESP). Since the majority of FAA imprest funds were closed effective June 30, 1996, third party draft issuance is the alternate payment method to issue salary payments in cases where employees do not receive their routine salary payment. Employees can only receive cash from an open imprest fund for ESP's in cases where employees do not receive their salary payment due to nationally declared emergency situations, i.e., hurricanes or earthquakes.



for Joel C. Taub
Acting Chief Financial Officer

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CHAPTER 1. GENERAL

1. PURPOSE. This order prescribes the responsibilities, procedures, and operational guidance to issue, control, and maintain third party drafts (TPD) under a third party payment system (TPPS) by FAA's third party draft officials (TPDO) and their alternates.

This order also covers procedures for Emergency Salary Payments (ESP).

2. DISTRIBUTION. This order is distributed to division levels in the Washington headquarters, regions and centers and a limited distribution to all field offices facilities.

3. BACKGROUND. Third party drafts are authorized for small purchases, miscellaneous expenses, local travel, emergency salary payments, and travel advances, as defined in TFM-4-3040. Third party drafts are issued for small purchases for which a formal purchase order or contract award has not been issued and when such purchases are operationally or cost effective and consistent with FAA procurement policies. Third party drafts are used when electronic payment, i.e., Electronic Funds Transfer (EFT), Automated Clearing House (ACH), or other cash management payment vehicles, e.g., government purchase credit card (VISA) or Government-issued travel credit card, are not feasible in meeting the agency's needs. Third party drafts are not redeemable for cash and are subject to the criteria and regulations outlined in 1 TFM 4-3040.70 and 3040.90.

All payments must be in accordance with this order and regulations issued by the General Services Administration (GSA), the Department of the Treasury, DOT, and the FAA. The FAA's Office of Financial Services, Financial Services Branch, ABA-110, administers the DOT-wide TPDP and is designated as the contracting officer's technical representative (COTR) for the contract.

4. AUTHORITY. This order is issued under authority of 1 TFM 4-3030 which states, "Regulations will be issued by each agency and must be consistent with the principles, standards, and related requirements in this chapter."

The Department of the Treasury has delegated the authority to the FAA Administrator to designate agency employees as TPD officials to issue third party drafts for imprest fund type transactions as described in TFM 4-3040. The FAA Administrator has redelegated this authority to the FAA Associate Administrator for Administration, AAD-1. The FAA Associate Administrator for Administration, AAD-1, has redelegated this authority to the FAA regional administrators and center directors and the FAA Chief Financial Officer. The FAA regional administrators and center directors and the FAA Chief Financial Officer has redelegated this authority to the head of the FAA's servicing accounting offices, i.e., the FAA regional and center accounting office and the Accounting Operations Division, ABA-200.

The head of the FAA's servicing accounting offices, i.e., the FAA regional and center accounting office and the Accounting Operations Division, ABA-200, approves written requests from organizations within their region, center, or headquarters to establish a location where drafts are to be issued, i.e., a TPD site.

5. DEFINITIONS.

a. Third Party Draft Program (TPDP). The third party draft DOT-wide contract allows DOT modal administrations to secure TPD's from the contractor for authorized payments by a principal or alternate TPD official. The contract allows each modal administration to establish an account with the contractor and request a predetermined fixed amount of TPD's based on the modal administration's operational needs. The TPD's are issued by designated principal or alternate TPD officials for authorized payments as an alternative to cash payments.

The TPDP establishes a TPPS whereby the contractor is required to: (1) provide a supply of payment instruments drawn on the contractor's account to the principal or alternate TPD official; (2) process the payment instruments as they are presented for payment; (3) provide the agency with electronic or paper listings of the cleared instruments

for reimbursement by the agency; and (4) at the option of the modal administration, **may** provide the agency with management and accounting information captured from the payment instruments.

b. Payment Instruments. Third party drafts are considered payment instruments in accordance with the TPD contract and are defined as follows:

(1) The TPD is a check-like instrument issued and drawn against and paid by an outside-the-Government contractor or financial institution. The financial institution or draft company, i.e., TPD contractor, supplies the agency with TPD's to be issued against an agency account maintained by the financial institution.

(2) Under the terms of the contract, the TPD contractor provides insurance against loss. The TPD contractor shall reimburse FAA for any improperly issued drafts, whether for unauthorized use, forged or unauthorized endorsement, if FAA notifies the contractor within the specified period as stated in the contract.

c. Servicing Accounting Office. As used herein, a servicing accounting office is either a region, center, or headquarters accounting office, i.e., the Eastern, Southern, Alaskan, Central, Southwest, and Western-Pacific regional accounting offices, the Mike Monroney Aeronautical Center and the William T. Hughes Technical Center accounting offices, and the Washington headquarters' Accounting Operations Division (ABA).

d. Third Party Draft System (TPDS). As used herein, the TPDS is a system that automates the issuance of TPD's, captures the draft and accounting information entered by the TPD official, who electronically forwards it to the servicing accounting office, and interfaces that data to the Departmental Accounting and Financial Information System (DAFIS).

e. TPD Site. As used herein, is a location within FAA where TPD's are issued by TPD officials and entered in the TPDS. Each servicing accounting office is responsible for

the drafts issued by the TPD official at the TPD site they manage.

f. TPD Official. As used herein, a TPD official is an FAA employee designated by the head of the servicing accounting office or the manager of a designated TPD site and authorized by the TPD contractor to issue TPD's for authorized payments, not to exceed \$2,500. Each site usually has two TPD officials, the principal and an alternate. The principal TPD official is the primary person at the TPD site who issues drafts. The alternate TPD official issues drafts in the absence of the principal. Each principal and alternate TPD official at each site receives and uses his/her own set of drafts issued from the TPD contractor.

A principal or alternate TPD official issues drafts for approved invoices to vendors for small purchases; SF 1164, Claim for Reimbursement of local travel and miscellaneous expenses; to employees for reimbursement for approved expenditures; award payments; travel advances; and Emergency Salary Payments. All payments must be in accordance with this order and regulations issued by the organizations listed in paragraph 3.

NOTE: A principal or alternate TPD official can not be a **contractor, stay-in-schooler, or co-op student.**

g. TPD Coordinator. As used herein, a TPD coordinator is an employee designated by the head of the servicing accounting office to act as a liaison between the TPD officials, TPD contracting officer's technical representative (COTR), and the TPD contractor for all actions related to the establishment of TPD officials and the issuance of drafts. The TPD coordinator reports directly to the servicing accounting office or his/her designee. The servicing accounting offices are to forward contract service requirement discrepancies to the TPD COTR (ABA-110) for final resolution by the contracting officer.

6. AVAILABILITY OF DIRECTIVES. The TPD officials, TPD coordinators, and servicing accounting offices will adhere to and have available at all times the following documents.

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a. WA Order 2700.35, Third Party Draft System Accounting Procedures, issued by the Financial Systems Development Branch, ABA-320, contains accounting procedures related to the operation and use of the TPDS.

b. The TPDS Users Manual, which contains detailed instructions for the use on the operation of the TPDS, will be maintained and distributed by the Western-Pacific Accounting Division, AWP-20, to the servicing accounting offices for distribution to all TPD officials.

c. Treasury Financial Manual (TFM), volume I, part 4, chapter 3000, section 3040, paragraph 3040.70, Third-Party Drafts, and paragraph 3040.45, contains U.S. Treasury guidelines governing the use of third party drafts as a payment mechanism in lieu of cash.

d. FAA Order 2700.36, Third Party Draft Manual, will be maintained and distributed by the Office of Financial Services, Financial Services Branch, ABA-110.

7.-19. RESERVED

CHAPTER 2. RESPONSIBILITIES OF THE SERVICING ACCOUNTING OFFICE

20. SERVICING ACCOUNTING OFFICE. Each servicing accounting office is responsible for drafts issued by the TPD official at the TPD site they manage as well as approving TPD site requests and shall:

a. Designate a TPD coordinator who will be the servicing accounting office contact with the TPD contractor and the TPD COTR. The TPD coordinator will:

(1) Provide the information required by the TPD contractor for each TPD official.

(2) Complete the initial order, including the address and organization code levels, i.e., cost center, of each principal and alternate TPD official. (Drafts are **not** to be ordered using a Blanket Purchase Agreement (BPA).)

(3) Process the TPD contractor's invoice for payment of TPD's negotiated (the servicing accounting office will determine the distribution of these costs). The costs may be charged directly to the applicable organizations' cost centers or to the accounting office's cost center.

(4) Report any lost, stolen, i.e., unused drafts that were lost or stolen from the TPD official, or expired drafts that were voided to the TPD contractor.

(5) Inform the principal and alternate TPD official on the status of their lost or stolen drafts.

(6) Follow the TPD contractor's procedures regarding "voided" drafts.

(7) Receive and review TPD contractor reports.

(8) Ensure that the appropriate security clearance forms for employees separating or retiring from FAA are reviewed to see whether a departing employee was a TPD official. If he/she was a TPD official, their authorization must be immediately canceled by the TPD coordinator.

(9) Prepare the appropriate forms or notification required by the TPD contractor listing each TPD official for which a security clearance has been completed or is no longer performing the TPD function and immediately:

(a) Remove the TPD official(s) from the TPDS.

(b) Notify TPD contractor to cancel their authority to order and issue drafts.

(10) Prepare the appropriate forms or notification required by the TPD contractor listing the unused drafts for all TPD officials whose authorization to issue drafts has been canceled. Transfer any unused drafts to a designated TPD official(s).

(11) Obtain the TPDS list of expired drafts, i.e., drafts issued but not cleared by the TPD contractor's bank that are over 60 days from the organization responsible for the automated reconciliation process and:

(a) Send a list of voided drafts to the TPD contractor.

(b) Report those expired drafts that were voided to the applicable principal and alternate TPD official.

(12) Retain a copy of the TPD contractor's memorandum confirming that the lost or stolen drafts have been voided or a replacement check has been issued for those drafts which have cleared the TPD contractor's bank.

(13) Request the servicing accounting operations staff to deposit replacement check for those lost or stolen drafts which have cleared the TPD contractor's bank. Include detailed instructions and information for entering transactions in DAFIS.

(14) Consolidate the verification report from each TPD site and prepare the audit verification report as described in Chapter 3, Internal Control of Third Party Drafts.

b. Provide the Financial Systems Development Branch, ABA-320, and the TPD COTR (ABA-110) with the name, routing symbol, and telephone number of each TPD coordinator.

c. Designate an employee who will perform the following:

(1) Obtain from the principal and alternate TPD official information concerning the correction of TPD data already transmitted to the servicing accounting office for the DAFIS on-line interface function.

(2) Execute TPDS programs that update accounting operations functions related to the processing of TPD's.

(3) Execute TPDS programs that automate the reconciliation process, i.e., matching drafts cleared with drafts issued.

(4) Complete a post audit for all drafts issued and supporting accounting payment documents received from each TPD official at each TPD site as described in the TPDS Users Manual. Statistical sampling techniques as prescribed by the General Accounting Office shall be followed.

d. Designate a database administrator who will be responsible for minor maintenance functions, e.g., backup tapes for the TPDS.

e. Prepare an SF 215, Deposit Ticket (OCR), for any money order received from principal and alternate TPD officials and deposit it into the appropriation account from which it was originally written.

f. Review and approve TPD site request and upon approval:

(1) Send notification of approval to the applicable organization.

(2) Send the original request and a copy of the approved request to the TPD coordinator.

21. REQUESTING A TPD SITE. Each organization requesting the establishment of a TPD site must submit information to the head of their servicing accounting office. The requesting organization must:

(1) Submit a written request for establishment of a TPD site at a specified location and a list of those employees to be designated as principal and alternate TPD officials at the TPD site. The request should list the:

(a) Type of situations that would warrant the issuance of TPD's at that location.

(b) Estimated number of TPD's that would be issued at the designated site on a quarterly basis.

(c) Justification on why drafts can not be obtained at another approved TPD site.

(d) Name, address, phone number, and last four digits of the social security number of each employee to be designated as a TPD official.

(e) Name, routing symbol, and phone number of the TPD verification officer, i.e., designated manager who will perform the TPD verification function, similar to the cash verification function of the imprest fund. The TPD verification officer cannot be a designated TPD official.

(2) The requesting organization shall submit the name, routing symbol and phone number of the employee who will be designated as the verification officer to the servicing accounting office. The verification officer shall not be a TPD official or alternate.

22. PRINCIPAL AND ALTERNATE TPD OFFICIALS REGULATION/ GUIDELINES. The designated principal and alternate TPD officials have responsibilities to FAA and the U.S. Treasury Department based on the following regulations and guidelines.

a. U.S. Department of the Treasury Guidelines. The designated principal and alternate TPD officials are responsible to the U.S. Department of the Treasury's Division of Disbursement for performance of all duties relating to the accountability for TPD's entrusted to his or her care consistent with the U.S. Treasury guidelines governing the use of the TPD as a payment mechanism in lieu of cash payment. These include:

(1) Responsibility and accountability for TPD's issued by the TPD contractor to the principal and alternate TPD official.

(2) Propriety of TPD payments within limits of authorization, i.e., payments are made based on authorized financial documents and does not exceed \$2,500.

(3) TPD officials are not personally liable for drafts because the disbursement of government funds is not involved; however, they are administratively accountable for any errors and impropriety.

b. FAA Guidelines. Principal and alternate TPD officials are subject to the administrative supervision of his or her operating administration and will conform to such directives as may be issued for the administrative management of the TPD official activity. These include:

(1) Proper conduct of administrative duties and functions shall be followed at all times. Penalties for misuse of drafts are outlined in FAPM LTR 2635, Conduct and Discipline.

(2) Procedures and controls exercised over the receipt of TPD's from the TPD contractor and issuance of TPD's for authorized payments.

(3) Principal and alternate TPD officials are subject to the policy directives as indicated in Chapter 2, paragraph 28.

(4) The principal and alternate TPD official shall adhere to the policies and procedures in this order and WA Order 2700.35, Third Party Draft System Accounting Procedures.

23. TPD OFFICIAL FUNCTIONS. Each principal and alternate TPD official shall:

a. Ensure that TPD's are issued for not more than \$2,500.

b. Receive their first book(s) of draft directly from the TPD contractor, and is responsible for reordering additional drafts as follows:

(1) Use the order form contained in each book of TPD's or make a copy of the order form and use it to order more drafts from the TPD contractor. (Drafts are **not** to be ordered using a Blanket Purchase Agreement (BPA). Also, invoices for drafts ordered **shall not** be paid with a TPD.)

c. Maintain an inventory log of all set(s) of drafts received. The log must contain the list of drafts received by draft number and date.

d. Be able, at all times, to account for all TPD's issued to them. TPD officials are subject to administrative unannounced inspections by the TPD verification officer to determine whether drafts are properly accounted for and that drafts have been safeguarded against loss or misuse.

e. Ensure that TPD's are properly authorized bearing all appropriate signatures, i.e., approving official, small purchasing authority's signatures.

f. Ensure that TPD's are prepared accurately, are issued for the exact amount of the purchase, and are **not** made out to cash.

g. Ensure that TPD's are not made out to cash as a means of maintaining a "petty cash fund" for any form of cash payment to an employee or vendor.

h. Ensure that TPD's are made out in the exact amount to an FAA employee as payee for reimbursement of an approved purchase, travel advance, emergency salary payment, or made payable to a vendor.

- i. Ensure that TPD's **are not** issued payable to oneself.
- j. Ensure that principal and alternate TPD official's drafts **shall not** be commingled in the same safe or locked cabinet.
- k. Report lost, stolen, or expired drafts immediately to the TPD coordinator.
- l. Close out all pending transactions in a timely manner. Any transactions pending more than 30 days shall be brought to the attention of the TPD coordinator.

24. SAFEGUARDING THE TPD. Principal and alternate TPD officials shall safeguard TPD's in accordance with Order 1600.6, FAA Security Risk Management Program. Third party drafts are to be kept in a secured area, i.e., locked safe or cabinet, or another secured environment approved by the Servicing Security Element (SSE) to protect them from being stolen or misused. Principal and alternate TPD officials shall secure his or her drafts in a separate locked safe or cabinet.

25. TPD CONTRACTOR LIABILITY. The contractor agrees to pay payees in amounts as instructed by DOT. The payment instruments issued by principal and alternate TPD officials under agreed-upon procedures (i.e., proper authorizations by the contractor) constitute such instructions.

The DOT agrees to reimburse the contractor for the full amount of all properly payable payment instruments which the contractor has paid. A properly payable instrument is one issued over the genuine signature of an authorized payment agent in accordance with the agreed-upon procedures, bearing a genuine or authorized endorsement, and with no alteration.

26. CONDUCT AND DISCIPLINE. Disciplinary actions for theft, fraud, or misuse of drafts by any employee will be imposed based on the applicable penalty(s) outlined in FAPM LTR 2635, Conduct and Discipline.

27. REPORTING A LOST, STOLEN, OR EXPIRED DRAFT. The principal or alternate TPD official who suffers a loss or

theft of drafts shall report the facts immediately to the appropriate FAA servicing accounting office who will notify:

a. Appropriate FAA Servicing Security Element investigators and security office.

b. DOT Office of Inspector General.

c. TPD contractor.

d. In the event of an obvious robbery, the local police authority shall also be notified.

NOTE: (Once a draft has been properly issued to a vendor or an FAA employee and he/she loses the draft, it shall not be reported as described in chapter 2, paragraph 9.)

28.-29. RESERVED

CHAPTER 3. INTERNAL CONTROLS OF THIRD PARTY DRAFTS

30. GENERAL. It is the responsibility of each servicing accounting office to maintain appropriate accounting and internal controls for the assets for which it is responsible. This responsibility includes providing assurance of the legality, propriety, and correctness of disbursements and collections of public funds.

31. INTERNAL CONTROL REQUIREMENTS. There are a minimum of four internal control requirements involved in making a purchase through the TPD payment mechanism. The first requirement is to assure the request of the items or services represents a bona fide need. The second requirement is to assure items purchased do not result in either a formal purchase order or contract through procurement. The third requirement is to assure all financial documents presented for payment contain the following:

- a. proper accounting classification codes,
- b. the approving official signature, and
- c. the signature of the appropriate official with small purchasing authority.

The fourth requirement is to assure that the purchase does not exceed the maximum dollar amount of \$2,500 payable by TPD.

The documentation must be signed and dated by an agency official authorized to approve transactions. Principal and alternate TPD officials must be provided with documentation indicating those officials who may authorize payments.

Principal and alternate TPD officials shall require all employees requesting reimbursement for purchases to present both the applicable reimbursement form bearing the appropriate signatures authorizing payment and their Employee Identification Card, Form DOT F 1600.1.3, at the time TPD disbursements are made. No TPD shall be issued for

advance or purchases without proper approval authority, i.e., travel approving officials or individuals with small purchase authority.

32. UNANNOUNCED VERIFICATIONS. To maintain internal control and provide a proper oversight of draft activity, unannounced verifications are required. The following responsibilities and procedures are required when conducting unannounced verification.

a. The head of the servicing accounting office is responsible for monitoring the unannounced verification process of used and unused drafts of principal and alternate TPD officials and is responsible for the following functions.

(1) Send blank verification statements and instructions to each TPD site verification officer.

(2) Ensure that completed unannounced verification statements are received each quarter from each TPD site verification officer.

(3) Retain original unannounced verification statements on file.

(4) Consolidate unannounced verification statements received from all TPD sites for their servicing accounting office.

(5) Forward the consolidated verification report indicating any discrepancies uncovered in the unannounced verification and what corrective actions are being taken and when the corrective actions will be completed to the Financial Services Branch, ABA-110, as requested but at least quarterly.

(6) Investigate all discrepancies, especially lost or stolen drafts which were not previously reported.

(7) Notify the TPD coordinator to cancel any TPD official who is being investigated from the TPDS until the investigation is complete.

(8) Prepare a formal report of all irregularities or deficiencies and send the report to the appropriate DOT/FAA Servicing Security Element investigators as well as a copy to ABA-110. In addition to specifying the irregularity, the report should state whether prescribed procedures and requirements are being followed and include any recommendation considered necessary to prevent a recurrence of the irregularity or other deficiency and to otherwise strengthen control over the administration of the function examined (1 TFM 4-3040.80).

b. The TPD site verifications shall be conducted by a designated manager at each TPD site.

c. The TPD verification officer shall obtain knowledge of the TPD official functions and responsibilities. If necessary, the verification officer shall request training from the servicing accounting office.

d. The TPD verification officer shall conduct unannounced verifications as follows:

(1) Ensure that each principal and alternate TPD official at the TPD site does not leave the scene until the verification process is complete.

(2) Check the manual log of drafts received and the list of drafts issued in the TPDS against the drafts on hand for each TPD official.

(3) Record any discrepancies discovered on the verification statement (including any lost or stolen drafts) and notify the TPD coordinator immediately.

(4) Complete a verification statement for each TPD official at the TPD site, sign each verification statement, and have each TPD official sign the verification statement.

(5) Forward original verification statement to the head of the servicing accounting office and retains a copy on file.

33. DISCREPANCIES. If any unauthorized use, irregularities, discrepancies, or improper accounting for TPD's are disclosed through the draft verification process, the head of the servicing accounting office should report it immediately to the Financial Services Branch, ABA-110.

34. AUDIT. Audits of TPD transactions will be conducted by the Department's Office of the Inspector General. FAA post audits will be conducted as outlined in Chapter 3, section 5 of FAA Order 2700.35, Third Party Draft System Accounting Procedures.

35.-39. RESERVED

CHAPTER 4. THIRD PARTY DRAFT PAYMENTS

40. SMALL PURCHASES. Third party drafts can be issued for reimbursement of authorized small purchases that do not exceed \$2,500. Small purchases shall be made by individuals with small purchasing authority and authorized by an individual who is an approving official as described below.

a. Small Purchasing Authority. Delegations of small purchasing authority are issued to nonwarranted individuals in the requiring organizations by the Chief of the Contracting Office or designee for each acquisition office within the region, center, and headquarters.

An individual with small purchasing authority can not be the approving official of the items purchased.

41. TRANSACTION TYPES. Payments for small purchases can be made using the following transaction types. Up to ten line item amounts may be listed on these documents.

a. Requisition Form for Third Party Draft Purchases. This form is used when **an original invoice is not available** and the purchase of goods and/or services are to be paid directly to the vendor. The requisitioner must contact the vendor, determine the exact amount of the purchase, and complete the form. The requisitioner must obtain the proper approval signature, i.e., signature of approving official and small purchasing authority and fund certification officer. The form must contain each accounting classification code and line item amount and the total amount of the purchase to be made. Drafts will be issued in the vendor's name for the exact amount. The requisitioner must sign the form and return the original receipt or invoice for the purchase of the goods and/or services to the TPD official within five days. If the employee returns with a difference in cash he/she shall surrender the cash in the form of a money order to the TPD official. (The cost of the money order is to be borne by the employee's organization.) The TPD official shall submit the money order along with an Standard Form (SF) 215, Deposit Ticket, to the servicing accounting office with a copy of the requisition form. (See Appendix 1 for the Purchases with Third Party Draft (TPD) Form.)

b. SF 1164, Claim for Reimbursement for Expenditures on Official Business. This form is used when the purchases of goods and/or services are paid by the employee. The employee must obtain the cash receipts or vendor invoice, complete the SF 1164 form, obtain the appropriate approval signatures, ensure that a valid accounting classification code is listed on the form, submit the SF 1164 for payment to the TPD official, and then a draft will be issued to the employee for the total amount claimed.

c. Invoice. An original invoice must be stamped goods/services received, must contain the accounting classification code for each line item and the total amount of the invoice, and the appropriate approval signatures. The drafts will be issued to the vendor listed on the invoice in the exact amount of the total. Drafts can be mailed to vendors.

d. Travel Advances. The Government-issued charge card is the primary method of payment for all official travel. Bargaining and non-bargaining unit employees who travel more than twice a year should obtain a Government-issued charge card.

Travel advances are issued to first time travelers and must be authorized in accordance with policies and procedures outlined in Order 1500.14A, Travel Manual. The traveler shall submit his/her request for an advance in a timely manner to receive a Treasury Check or direct deposit into his/her bank account. In cases where a TPD is to be issued for advance of funds, the following information is to be provided on the SF 1038.

(1) Accounting classification code using the current year operation appropriation code with the employee's home cost center rather than the accounting codes on the travel order.

(2) An amount between \$50 and \$2,500.

(3) Signature of the approving official.

e. Awards. Incentive or meritorious awards should be paid through the payroll system. This approach ensures

trouble free processing since it automatically provides for the required deductions and reporting. The use of a TPD is, however, an option available to management. Awards that do not exceed the TPD dollar limitation can be paid with a TPD. The Internal Revenue Code requires that Federal income tax be withheld (1 TFRM 3-4020.10).

f. Training. SF 1164, Claim for Reimbursement for Expenditures on Official Business, must be approved by an authorizing official and contain a statement that the expenses are payable under the Government Employees Training Act. Receipts must be attached, if required, and fees and other expenses must be itemized.

g. Meetings. SF 1164, Claim for Reimbursement for Expenditures on Official Business, must be approved by an authorizing official and contain a statement that the meal, if any, was a formal part of the business meeting. Receipts must be attached if required.

h. Local Travel. Payments for reimbursable expenses while on official business, such as local taxi fares, shall be approved on SF 1164, Claim for Reimbursement for Expenditures on Official Business, by an official authorized to approve local travel.

i. Emergency Salary Payment (ESP). Payment to an employee who has been authorized to receive an ESP.

42. DOUBTFUL TRANSACTIONS. Where doubt exists as to the propriety of any transaction, the principal or alternate TPD official may require written acceptance of responsibility for such transaction from the official authorizing the payment. This will provide the TPD officials recourse to such official if the transaction is later disallowed. Any doubt should be resolved in advance of payment by consulting with the appropriate approving official.

43.-49. RESERVED

**CHAPTER 5. ISSUANCE OF THIRD PARTY DRAFTS FOR REQUEST
FOR EMERGENCY SALARY PAYMENTS**

50. GENERAL. The following regulations and documentation are applicable to issuance of Emergency Salary Payments (ESP) by TPD's.

a. The Emergency Salary Payment Memorandum (see Appendix 2) is the formal document which authorizes an emergency salary payment by TPD. ESP memoranda must be signed by the employee, authorized by the supervisor, and approved by the payroll office.

b. The Third Party Draft System Users Manual contains detailed instructions on the use and operation of TPD's.

c. The Treasury Financial Manual (TFM), volume I, part 4, chapter 3000, section 3040 and 3040.45, paragraph 3040.40, Third-Party Drafts, contains U.S. Treasury guidelines governing the use of third party drafts as a payment mechanism used in lieu of cash.

51. DEFINITION. Verification number is a unique number issued by the payroll office upon approval of an ESP by a TPD. The number identifies the FAA region, fiscal year, pay period, and type of emergency salary payment.

52. TYPES OF EMERGENCY SALARY PAYMENTS.

a. Emergency non-issuance is an emergency salary payment that occurs when an employee has not been issued a salary payment directly from the payroll system, due to an administrative error or a delay in processing documentation. The salary payment will be made for 100 percent of net base pay.

b. Emergency-partial payment is an emergency salary payment for a portion of the employee's salary when the employee received a check, but it was less than 90 percent of the net amount due.

c. Recertified is an emergency salary payment that occurs when an employee has been issued a salary payment

directly from the payroll system, but the employee never received a Treasury check, e.g., in those cases where the check is considered lost, or electronic funds transfer (EFT) to their bank account did not occur. An emergency salary payment will not be issued for EFT payments until the payroll office confirms that funds have been returned to Treasury. The minimum amount required for issuance of an emergency salary payment will be determined by the applicable payroll office.

53. RESTRICTIONS. The following restrictions apply when ESP's are issued:

a. Emergency non-issuance salary payments must be based on regular pay only, and cannot include any amount due for overtime or premium pay.

b. Emergency non-issuance salary payments may be made during the initial pay period to new employees only for actual hours worked, when waiting for the normal payday would impose a serious financial hardship.

c. Emergency partial salary payments will be made only when the employee has received a salary payment, i.e., a check for less than 90 percent of the net amount of base pay.

54. FORMS AND REPORTS.

a. ESP Memorandum. This form is used to authorize and approve payment of an ESP by a TPD. (Refer to appendix 2.)

b. TPDS Emergency Salary Payments Report. This report lists the drafts issued for each ESP.

c. Payroll Office Verification Number Worksheet. This report lists the verification number issued, the date, time, employee's name, for each ESP approved by the payroll office and paid by TPD.

55. REQUESTING ORGANIZATION (OFFICE/FACILITY). For an FAA employee to be issued a TPD for an ESP, the office/facility should:

a. Determine the type of ESP being requested.

b. Provide the employee's name, organization, phone number, and social security number on the ESP memorandum.

c. Fax a copy of the "approved" ESP memorandum to the payroll office. Fax numbers are listed on the ESP memorandum.

d. Wait for receipt of a fax copy of the approved ESP memorandum from the servicing payroll office which will include the appropriate salary based on the ESP type and a verification number.

e. Retain a copy of the ESP memorandum for office records.

d. Submit the original "approved" ESP Memorandum to the TPD official for issuance of a TPD.

56. PAYROLL OFFICE. For an FAA employee to be issued a TPD for an ESP, the payroll office must:

a. Respond to requests for approval of ESP's.

b. Confirm that funds have been returned to the U.S. Treasury or that an EFT was not made to their bank account before a verification number is issued for an emergency salary payment.

c. Research information for the ESP request and determine the type of ESP. i.e., emergency non-issuance, recertified payment, or emergency-partial, and whether a recertified payment should be issued by TPD, treasury check, or direct deposit.

d. Wait until Monday of the next pay period before a verification number is issued for a recertified payment for non-receipt of payroll checks in the mail.

e. Enter the salary amount based on the type of ESP being approved.

f. Approve the ESP by issuing a verification number, determining the salary amount to be reimbursed to employee, and identifying the employee's modal administration.

- g. Fax a copy of the approved ESP request to the applicable requesting organization.
- h. Maintain the verification number worksheet.
- i. Process the transaction necessary to collect the ESP amount, crediting the V6P6 suspense account, and issuing an SF 1184, Check Cancellation, if a recertified salary payment is being issued.
- j. Receive the TPDS Emergency Salary Payments Report, which is a listing of ESP's issued by the TPDS and pertinent information.
- k. Verify the verification number on the TPDS report with the verification number worksheet.
- l. Report any discrepancies to the FAA servicing accounting office.

57. SERVICING ACCOUNTING OFFICES. For an FAA employee to be issued a TPD for an ESP, each servicing accounting office should:

- a. Generate the TPDS Emergency Salary Payments Report.
- b. Send the TPDS Emergency Salary Payments Report to your respective payroll office, i.e., the Aeronautical Center payroll office or the Southern Region Payroll Office.
- c. Issue the SF-1184, Check Cancellation, if a recertified salary payment (Aeronautical Center only for all serviced organizations).

58. THIRD PARTY DRAFT OFFICIAL. For an FAA employee to be issued a TPD for an ESP, the TPD official should:

- a. Issue a TPD for all properly approved ESP memorandum requests.
- b. Have the employee sign the "approved" ESP memorandum for receipt of the draft.
- c. Send the original ESP memorandum to their respective accounting office with a copy of the draft.

d. Fax a copy of the "approved" ESP memorandum, stamped with the draft date and number, to the applicable payroll office. Fax numbers are listed on the ESP memorandum.

59. THIRD PARTY DRAFT OFFICIAL (PAYROLL OFFICE). The TPD official who is designated by the payroll office can issue TPD's to other DOT modal administration employees and is subject to the same restrictions in paragraph 53. The TPD official must also follow the same procedures contained in paragraph 58.

a. The Aeronautical Center payroll office services the following FAA regions, center, and DOT modal administrations:

- FAA Aeronautical Center
- FAA Northwest Mountain Region
- FAA Western-Pacific Region
- FAA Great Lakes Region
- FAA Alaskan Region
- FAA Eastern Region
- FAA New England Region
- U.S. Coast Guard
- Office of the Inspector General
- Research and Special Programs Administration

b. The Southern Region payroll office services the following FAA regions, centers, and DOT modal administrations:

- FAA Southern Region
- FAA Central Region
- William J. Hughes Technical Center
- FAA Washington Headquarters
- FAA Southwest Region
- Office of the Secretary of Transportation
- Transportation Administrative Services Center
- Bureau of Transportation Statistics
- Volpe National Transportation Systems Center
- National Transportation Safety Board

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National Highway Traffic Safety Administration
Federal Highway Administration
Federal Transit Administration
Maritime Administration
Federal Railroad Administration

PURCHASES WITH THIRD PARTY DRAFT (TPD)

This form, Purchases with Third Party Draft (TPD), will be used to authorize payment for all small purchases using a third party draft. All purchases paid by TPD must be supported by an original invoice or bill of sale.

Third party drafts are an acceptable alternative payment mechanism for imprest fund type transactions. Third party drafts may be used to pay for small purchases, i.e., an office can initiate a purchase requisition, that does not exceed \$2,500 and that does not result in either a formal purchase order or contract through procurement. Refer to Treasury Financial Manual, Volume 1, Section 3040.70, Third Party Drafts.

INSTRUCTIONS.

The purchaser completes Part A & B; places the order; gives the completed form and copy or original invoice, if available, to the TPD official for issuance of the third party draft; completes Part C and signs the draft; picks up the item or receives the services; pays the vendor with the TPD, requesting original invoice or bill of sale; and takes the original invoice or bill of sale to the TPD official.

The TPD official issues the draft, enters the draft number and amount in Part C, and when the original invoice or bill of sale is received, stamps the invoice or bill of sale "PAID BY DRAFT" and inserts the draft number on it, and completes Part D by signing for receipt of the invoice/bill of sale.

PART A - PURCHASER/VENDOR/ITEM:

This part must include as much information as possible, including the exact cost of the item/service and the known supplier. FAA Tax Exempt number is 73-0588975.

Purchaser: _____ Routing: _____ Phone # _____

Vendor Name: _____

Vendor Address: _____

Description of Item (s): _____

Accounting Classification Code: _____ \$ _____
 Accounting Classification Code: _____ \$ _____
 Accounting Classification Code: _____ \$ _____
 Total Draft Amount: \$ _____

PART B - FUNDS APPROVAL:

Approving Official: _____ Signature _____ Date: _____

Approving Official Name: _____ (Print)

Approving Official Title/Routing Symbol _____ (Print)

Small Purchasing Authority _____ Signature _____ Date: _____

Small Purchasing Authority Name: _____ (Print)

Small Purchasing Authority Title/Routing Symbol _____ (Print)

PART C - RECEIPT OF DRAFT:

Purchaser Signature _____ Date: _____

Draft # _____ Draft Amount \$ _____

PART D - RECEIPT OF INVOICE/BILL OF SALE:

Received: _____ TPD official's signature _____ Date: _____



U.S. Department
of Transportation
**Federal Aviation
Administration**

Memorandum

Subject: **ACTION:** Request for Emergency Salary Payment

Date:

From:

Reply to
Attn. of:

To: Third Party Draft (TPD) Official

This memorandum certifies that the employee whose name appears below is authorized an emergency salary payment in the amount of \$ _____, in accordance with FAA Order 2700.36 and Treasury Financial Manual part 4, chapter 3000, section 3040, paragraph 3040.40. The employee's supervisor must obtain approval, by contacting the payroll office and obtaining a Verification Number. This authorization must be signed by the employee and their supervisor.

_____	_____
Employee's Name	Organization
_____	_____
Social Security Number	Office Phone
_____	_____
Payroll Office Contact Name	Verification Number

Aeronautical Center Payroll Office Phone# 405-954-4872 FAX #405-954-6317
Southern Region Payroll Office Phone# 404-305-7010 FAX #404-305-7015

The employee voluntarily agrees to an offset from future salary earnings or monies otherwise due for the full amount of the emergency salary payment received or any overpayment.

_____	_____
Employee's Signature	Date
_____	_____
Supervisor's Signature	Date

